

Howard Proj file

SECRET

CROSS REFERENCE

DOCUMENT NUMBER: EGOT-528

DOCUMENT DATE : 7 April 1958

SUBJECT: Consolidation of the Budgetary
aspects of Howard, Spentille
and Calzone

FILED: ARC Project file EE/DC Budget file

DATE: 15 May 1958

COMMENTS: _____

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCES METHOD EXEMPTION 3020
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

SECRET

20

SECRET

28 February 1958

MEMORANDUM FOR: Chief, EE

THROUGH : EE/Plans

SUBJECT : EE/DE Operational Program for Fiscal Year 1959

REFERENCES : A. EE Notice Number 2-58
B. Memorandum - Detailed Instructions for
the Operational Program for FY 1959

1. In the main, the objectives and tasks of EE/DE for the fiscal year 1959 are the same as for 1958. In spite of the discontinuation of the South American Resettlement Project in December 1957, the overall budget for FY 1959 reflects an increase over FY 1958 for reasons explained below.

2. The continuing phase-out of requisitioned German properties will make it necessary for the Defector Reception Center to replace, during fiscal year 1959, the twenty-one requisitioned properties now in use with a similar number of properties procured on the German economy. The recommended increase in the DRC housing budget for FY 1959 is designed to cover this necessity. This does not represent an increase in the true cost of DRC housing. Costs incurred through use of requisitioned housing have heretofore been paid from the German Support Account rather than the DRC funds.

3. As nearly as can be determined at the present time, the Returnee Exploitation Group will continue its exploitation of the returning group of high-priority missile scientists during most of fiscal year 1959. It is estimated that REG costs will remain at about the same level as the current fiscal year.

4. The level of activity and of expenditures for the EE Resettlement Unit during fiscal year 1959 will, in all likelihood, remain about the same as fiscal year 1958.

Chief, Defector Branch
EE Division

EE/DE/EJW:das

Distribution:

- 2 - Addressee
- 1 - C/EE/Plans

- 1 - EE/DE Budget file
- 1 - EE/DE DRC file
- 1 - EE/DE REG file
- ✓ 1 - EE/DE HARVARD file
- 1 - EE/DE Chrono

SECRET

205

SECRET

AREA-WIDE OPERATIONAL PROGRAM FOR FISCAL YEAR 1952

Operations and Activities Statement

DEFECTOR RECEPTION, EXPLOITATION AND RESETTLEMENT

I. EVALUATION

From the time of its establishment in February 1951 through January 1958, the Defector Reception Center in Germany, DRC(G), has processed approximately 377 Soviet and Satellite defectors and has produced more than 5500 positive intelligence reports. A by-product of this DRC collection effort has been the production and dissemination of considerable restricted operational information. DRC reports have generally been regarded as of the highest quality produced by the intelligence community.

During the calendar year 1957, the DRC received and processed 54 defector cases. Hostile penetration agents are continuing to be dispatched by Communist bloc intelligence services. In the thirteen-month period to 31 January 1958, twelve such agents were exposed by DRC interrogation.

From 1951 through January 1958, the Reference Exploitation Group, REG, was responsible for the interrogation and resettlement of 290 reference sources and produced approximately 1600 intelligence reports. REG intelligence reports continue to receive high evaluations from consumer agencies. During the period 1 January 1957 through 31 January 1958, twenty-six reference sources were interrogated and twenty-five reinterviewed, with 114 published reports.

From its inception in 1951 through January 1958, the RE Resettlement Unit has resettled in various countries approximately 950 defectors and terminated agents from the European area. One hundred and forty of this number were resettled during the thirteen-month period through 31 January 1958. In addition to straight resettlement cases, the Unit has rendered close operational support during the past year to the German Section GR components.

II. PROBLEMS

It is anticipated that the flow of defectors through the DRC during the coming year will remain at about the normal level of recent years. This does not take into consideration unforeseeable events such as the political upheavals in Poland and Hungary during late 1956. It is conceivable that the conclusion of additional cultural exchange agreements between the West and the Soviet bloc countries, and accompanying relaxation of travel restrictions, may swell the flow of defectors.

285

SECRET

-2-

Activity of the Returnee Exploitation Group is expected to be maintained at a high level during fiscal year 1959 in connection with the exploitation of the large group of high priority scientific targets recently returned from the Soviet Union.

The workload of the EE Resettlement Unit is keyed to the flow of defectors through the IRO and also to the volume of operations of the German Station as a whole. Blotting the temporary inflation of the Unit's level of activity caused by the Hungarian Revolution, the workload of the Unit has shown a gradual, steady growth over the past four years.

III. CAPABILITIES AND LIMITATIONS

The IRO estimates that one additional large safehouse is needed in order to bring its facilities up to an adequate level for the coming year. In addition, 16 apartments and 3 houses must be procured on the German economy to replace requisitioned property which must be released to German owners by 1 October 1958. For this reason, the estimate of funds required for IRO rents and utilities purposes for FY 1959 reflects a sharp increase over FY 1958. It should be pointed out, however, that this does not represent a true increase in IRO housing costs. Furthermore, the rental and maintenance costs of requisitioned properties have been paid to the Department of the Army out of the German Support Account.

In keeping with German Station policy, forced by the steady progress of the Federal Republic toward complete de facto sovereignty, ever closer working relationships are being established with the appropriate German officials and agencies. As long as overall political developments in the Federal Republic, notably the September 1957 election results, continue to favor the West, IRO - German relations will probably remain harmonious. Future events in Germany, however, could conceivably force a relocation of the Center in another country. A tentative plan should be formulated now to meet that eventuality.

Political instability in the Soviet bloc and easing of travel restrictions have resulted in a continuing improvement in the quality and quantity of defectors available to the IRO. No appreciable increase in the number of induced defections has been noted during the past year. A stepped-up defection inducement campaign would be most desirable from the standpoint of overall CIA operations.

IV. SOUTH AMERICAN RESETTLEMENT

The South American Resettlement Project was terminated as of 31 December 1957. Principle reason for termination was lack of interest in South America on the part of EE resettlement cases. The small number of cases who elect South American resettlement can henceforth be handled through established voluntary agency channels.

SECRET

22

SECRET

-3-

7. OPERATIONAL OBJECTIVES

The Defector Program was established by CIA in implementation of National Security Council Intelligence Directive Number 13 which sets forth United States policy regarding the purpose and conduct of an integrated Defector Program. The Defector Program, as an interest of common concern, operates on behalf of the entire United States intelligence community. In addition to receiving and exploiting defectors, this project coordinates the handling of intelligence requirements and reports, and endeavors throughout the exploitation period to treat defector sources in such a way as to encourage further defections among Soviet and key Satellite personnel.

SECRET

225